



POLICE AND FIRE RETIREMENT SYSTEM OF SPRINGFIELD, MO

840 Boonville
Springfield, Missouri 65801
Voice Mail (417) 831-8901
Box Number 44140

Minutes February 11, 2010

1. Call to Order

Homan called the meeting to order at 8:32 a.m. Minutes taken by White.

Attendance

| Members | Representation | Present | Absent |
|-------------------------|----------------------|---------|--------|
| Ken Homan | Chairman | X | |
| Beau Barrett | Citizen | X | |
| David Carter | Fire | X | |
| Jim Edwards | Police | X | |
| Steve Fenner | Citizen | X | |
| Ron Hoffman | Retiree | X | |
| Evelyn Honea | Deputy City Manager | | X |
| Sheila Maerz | Human Resources | | X |
| Mary Mannix-Decker (NV) | Finance | X | |
| Brady Stark (NV) | Police | X | |
| Chris Thompson (NV) | Fire | X | |
| Cindy Rushefsky (NV) | City Council Liaison | X | |
| Dan Wichmer (NV) | Law | | X |
| Nikki White (NV) | Secretary | X | |

NV = Non-voting

Homan announced that the Segal quarterly investment report would be delayed until the March meeting due to Reina's flight being cancelled because of the snow storm in New York.

2. Nurse Consultant Report

Paula Dennison from HSI introduced herself as the account manager for the Pension Board account. Martha Odom, HSI nurse consultant, informed the board that she is about half way through reviewing the disability reexamination files. She's in the process of obtaining a few of the missing work comp files from Human Resources. She will be sending an introductory letter and medical release by certified mail. Once the release is signed and returned she will begin scheduling appointments.

Odom asked for an opinion on the doctor the board would like to use. Several agreed that sending them to one of the three doctors that determined their initial disability would be the best option. Odom said that often two of the three are physiatrists. The other is usually an orthopedic surgeon. She asked which the board preferred. Yendes mentioned that an orthopedist will carry more weight in court. However, the board would seek a second opinion from another doctor if there were potential for litigation. The consensus was that a physiatrist would be fine to do the initial exam.

Odom stated that she's fairly certain that all the doctors will want to perform an IME which will be an additional cost. She said some doctors may also require MRIs or other tests. Odom said that she will need a release to obtain doctor's records since their disability was granted. Yendes said the Law Department will have a release ready in the next couple of days.

Homan stated that there are a couple of claimants that are turning 50 in March. Yendes recommend having them re-examined if it's feasible. Fenner questioned whether it was necessary to have them done if in another month it would have never been a problem. He said they will be too old to go back to work in the police department by April anyway. Homan said in all fairness they haven't been re-examined for a long time. Fenner said he feels this will potentially create more trouble for the board. Yendes asked if they have been on disability for several years. If so and they are brought back, they get credit for the years on disability. They then will qualify for an age and service retirement. Thompson questioned the objective. Several said the objective is to follow the rules and be fair by not picking and choosing who or who not to examine. Hoffman said unless there is something so obvious such as a lost limb, they should be sent for a re-examination like everyone else. Several agreed that the board has been criticized for not doing re-examinations lately and the only way to be fair is to send everyone regardless of injury or age.

3. Approval Meeting Minutes – January 14, 2010 and January 19, 2010 (open sessions)

Homan asked for a motion to approve the open session minutes for January 14th as presented. Motion made by Hoffman; 2nd by Edwards. Vote all: Yes.

Homan asked for a motion to approve the open session minutes for January 19th as presented. Motion made by Hoffman; 2nd by Barrett. Vote all: Yes, with the exception of Edwards and Carter who abstained because they didn't attend the meeting.

4. Approval of Financial Statement Ending December 31, 2009

Homan asked Mannix-Decker to review the financial statement ending December 31, 2009. The following items of interest were reported:

- As of December 31, 2009 the fund had net assets of \$132,317,188 up from \$112,370,187 at the end of June.
- Brandywine declined \$364,931. However, they were significantly ahead of their index.
- Galliard declined \$428,639 and Pictet declined \$400,021.
- State Street increased \$1.3 million.
- Total gain from all market managers was \$751,827 and total additions were \$1,954,646.
- Total deductions were \$500,556 for a net increase of \$500,556 for the month.
- The most recent telecomm settlement in the amount of \$7,450,000 will be reflected as cash on the February statement. Reina is working on some investment options for these funds.

Homan asked for a motion to approve the financials for December 31, 2009. Motion by Carter; 2nd by Fenner. Vote all: Yes.

4. Review of Applications

| | | | |
|-----------------|---------------|--------|-----------------------------|
| Joesph Medina | Age & Service | Police | Retirement Date: 03/26/2010 |
| Thomas Boslaugh | Vested | Fire | Date Eligible: 06/04/2010 |

Homan asked for a motion to approve the applications presented above. Motion by Carter; 2nd by Edwards. Vote all: Yes.

5. Approval of Retirement Calculations

Age & Service

| Name | Dept. | Years of Service | Monthly Pension Amount | Partial Pension Amount |
|---------------|--------|------------------|------------------------|------------------------|
| Marilyn Grier | Police | 45.57 | \$2,517.16 | \$1,217.98 |
| Lynn Rowe | Police | 16.38 | \$5,244.47 | \$2,529.92 |

Homan asked for a motion to approve the age and service pension calculations for Marilyn Grier and Lynn Rowe. Motion by Carter; 2nd by Edwards. Vote all: Yes.

6. Approval of Return of Contributions

| | | | |
|---------------|---------------|--------|--------------|
| Marilyn Grier | Age & Service | Police | \$76,266.66 |
| Lynn Rowe | Age & Service | Police | \$174,624.41 |

Homan asked for a motion to approve the return of contributions for Angela Burgess and Joey Addison. Motion by Edwards; 2nd by Hoffman. Vote all: Yes.

7. Old Business

- A. Income Verification – Mannix-Decker reported that a letter was sent after the January meeting to those who had not yet complied giving them the option of an IRS transcript or a letter from a CPA to verify their income. They were given a deadline of February 26th to comply. There are still 13 people who have not provided complete information. Seven people complied after the January letter. Mannix-Decker said that of those seven there is one more reduction the board must approve at today's meeting.

Fenner stated that he's reviewed the ordinances and retirees can make as much money as they want. It seems to him that at some point a person receiving disability payments should be able to do the same thing. He thinks Council needs to look at changing that ordinance. Thompson, Carter and Stark said they understood from Wichmer that a disability retiree can change over to an age and service retirement when they meet the age qualification. Homan said that is not the case and it is not an option for them. Hoffman said that several years ago Council offered a change that would do away with income limitations, but it would reduce the pension amount to 50%. The board didn't feel that was fair or a good direction to go in for those who aren't capable of doing any kind of work. Edwards asked Hoffman if Council thought about giving them the option of a 50% reduction if they wanted to work. Hoffman said that was not discussed.

Yendes said that he and Wichmer have reviewed the plan and there is no conversion privilege. Disability pensions (duty and non-duty) are for life by ordinance. Homan added that it has been made clear to everyone who is taking applications that the board will not accept an age and service application from people currently on a disability retirement.

| Claimant | Proposed 2010 Payment Per Month |
|------------------|---------------------------------|
| Gregory Schaffer | \$2,398.33 |

Homan asked for a motion to approve the reduction for Gregory Schaffer as presented. Edwards made a motion to accept the reduced pension amount as listed above; 2nd by Hoffman. Vote all: Yes.

8. Legal Matters – Closed Session, pursuant to Section 610.021(1), RSMo.

Carter made a motion to move to closed session at 9:30 a.m.; 2nd by Hoffman. Vote all: Yes.

Resumed open session at 10:30 a.m.

7. Old Business Con't

- B. Pension Board Contracts – Homan stated that the HSI contract will expire at the end of February. He said that it will need to be extended in order for the nurse consultant to continue her work on the disability reexaminations.

Barrett made a motion to extend the HSI contract for another year; 2nd by Edwards. Vote all: Yes.

- C. Pension Board Structure – Homan stated that he reviewed the board member applications that have come in so far. He said there were applications from an attorney, a few brokers, military and a few for the general interest position. There weren't any applications with actuarial or accounting backgrounds. The deadline has been extended to Friday, February 12th. The Public Involvement Committee of Council will select the new board members and they should be in place by the March meeting.

Homan added that Barrett's term is up in April and he doesn't intend to renew his term. His position will be filled in the application process as well. Homan read a letter from Fenner who is resigning from the board due to declaring his candidacy for Greene County Prosecuting Attorney. Fenner's resignation will be effective following today's meeting. Homan added that his position will also be filled during the application process. Homan thanked Fenner and Barrett for their contributions to the board.

- D. Actuary Audit – Homan said there was an audit conducted in 2005 by Milliman. Mannix-Decker added that it was more of an examination of investments versus an actuary audit. Several agreed that the board has never had an actuary audit, only the annual audit and the experience study. Homan said he feels is it more appropriate for the new board to discuss moving forward with conducting an actuary audit at the March meeting.

9. New Business

- A. Asset/Liability Analysis – Homan said that Reina is prepared to explain this process and what is involved to the board. He suggested that the board meet with Reina Wednesday, March 10th to avoid an extended meeting on March 11th. Reina will also present the quarterly report at that time.

Homan indicated that the meeting could take up to four hours. The board agreed to meet at 4 p.m. on March 10th.

- B. Quarterly Report Summary – Homan reviewed a brief summary of the quarterly report in Reina's absence. At the end of the year the allocation was pretty much on target. The domestic equity was at 37.87% and international equity at 19.13%. The domestic bond segment was at 26.79% and international fixed income was 12%. Real estate only has an allocation of 5.21% which started out at a 7.5% allocation.

The composite for the quarter was 2.39% with the policy index at 2.60%. The policy index is simply using their benchmarks to construct an index in the same percentage composition that the composite is in. The one year performance composite was 17.90% compared to the policy index of 17.78%. Pictet and Galliard had very good performance. Brandywine beat its bogey considerably. Real Estate really hurt performance being down 34%. The detail will come with Segal's report in March.

Homan added that appointing an investment subcommittee will be a priority when the new board is in place. The committee has a great deal of important work ahead of them. Rushefsky reminded everyone that the board agreed last spring to give a quarterly report to Council. She would like to see this implemented. Homan asked Mannix-Decker if she would handle those reports. Mannix-Decker said she would coordinate with Council to give a report at the Council meetings following Segal's quarterly reports. Homan and Rushefsky agreed that Council members should be invited to attend the sessions in which Reina delivers the quarterly reports to the Pension Board.

10. Adjournment

Hoffman made a motion to adjourn the meeting; 2nd by Carter. Vote all: Yes. The meeting was adjourned at 10:50 a.m. on February 11, 2010.